

DECISION

THE COMPTROLLER GENERAL
OF THE UNITED STATES
WASHINGTON, D. C. 20548

FILE: B-185286

DATE: AUG 26 1976

61391

MATTER OF:

Claim of Julian B. Hammond for reimbursement of
cost of currency conversion

98634

DIGEST:

Costs resulting from currency exchange at unfavorable rate, due to necessity to comply with U.S.S.R. requirement that payment for hotel room in Moscow be made in hard currency, through American Express agency, may be allowed under section 1-9.1d, Federal Travel Regulations permitting reimbursement for miscellaneous expenditures necessarily incurred for official purposes. Cost of cablegram for initial hotel reservation is also allowable. B-139733, November 23, 1970

This action is in response to a request from a certifying officer for an advance decision as to whether a voucher presented by Mr. Julian B. Hammond, a Department of Commerce employee, for reimbursement of certain travel expenses may be certified for payment in its present form.

The claim, in the amount of \$315.16, is stated on Mr. Hammond's voucher dated June 17, 1974, as being for "commissions for conversion of currencies in foreign countries" or "loss of exchange rate." The voucher cites a provision of the Standardized Government Travel Regulations, Office of Management and Budget Circular A-7, which had been superseded, at the time the claim arose, by the Federal Travel Regulations, FPMR 101-7 (FTR) issued by the General Services Administration pursuant to Executive Order No. 11,609, 36 Fed. Reg. 13747, as amended, 3 U.S.C. § 301 nt. (Supp. IV, 1974).

The facts giving rise to the claim are explained by Mr. Hammond in a letter dated June 17, 1975, as follows:

"At the time I was assigned to Moscow in 1974, it was necessary to have a receipt for hotel room rent paid in advance in order to obtain a visa.

"American Express at the time was the only recognized agency for booking rooms in entourist hotels and issuing receipts that were acceptable to the Soviet Consulate.

"After arrival in Moscow, there were two alternatives for paying hotel room rental (a) cash which was lightly [sic] impractical and (b) payment through American Express.

"Since (a) was not practical, it was necessary to pay through American Express and in order to pay through American Express, it was necessary to follow the American Express system which was as follows:

- "1. American Express would accept a U.S. dollar check which they converted to Austrian Schillings.
- "2. Austrian Schillings were then converted to Russian Rubles.

"These two conversions took place at the prevailing rate for the day on which they occurred and there were tremendous fluctuations in the rate.

"Receipts received from American Express in Moscow show very clearly the charge for hotel room and the 'exchange loss' as two distinct items."

The voucher is supported by copies of four invoices from American Express, three of which, issued in Moscow and dated January 29, 1974, February 26, 1974, and March 29, 1974, are marked "Paid." The computations of currency conversions described above are shown on these three receipts. The remaining invoice, issued in Washington, D.C. and dated December 19, 1973, is for "All inclusive Intourist arrangements, January 7 - February 7, 1974." Each invoice is for a double occupancy hotel room and carries the notation "wife included."

We have been advised by the American Express agent who arranged Mr. Hammond's travel in Russia that the reason for the conversion of American currency into Austrian schillings and those schillings into rubles is that American Express is not permitted by the Russian government to issue vouchers for hotel rooms (the only practical way an American may pay for them) in Moscow. The Russian government requires that (1) payment for hotel rooms by United States nationals traveling under the circumstances of Mr. Hammond's duty be made only in hard currencies and not in rubles; and (2) that an initial voucher issued in the United States be limited to one month. Any necessary extension beyond one month has to be made by issuance of vouchers elsewhere than in Russia. Since Vienna is the most convenient point outside Russia at which American Express can issue vouchers, that

is the place where the extensions of reservations were made. The conversion of dollars into Austrian schillings at the time of Mr. Hammond's duty in Russia resulted in the increased cost of his hotel room due to the relationship of the dollar to the Austrian schilling.

We agree with the authorized certifying officer seeking an advance decision that the amounts claimed may not be allowed as the cost of commissions for conversion of currencies in foreign countries, reimbursement of which is permitted pursuant to section 1-9.1c(1), FTR, since the charges do not represent the cost of cashing United States Government checks issued in reimbursement for expenses incurred during travel in foreign countries. Rather, the currency loss involved was incurred due to the circuitous method by which Mr. Hammond was required to extend his hotel reservations. However, in view of the necessity for compliance with conditions established by the Russian government for travel in Russia, we believe the claim should be considered in light of section 1-9.1d, FTR, which provides for allowances of "other expenses" as follows:

"Other expenses. Miscellaneous expenditures not enumerated herein, when necessarily incurred by the traveler in connection with the transaction of official business, shall be allowed when approved." (Emphasis supplied.)

We believe the extra cost incurred by the traveler in order to extend his stay for the required length of time may be considered to have been necessary, within the meaning of section 1-9.1d. See B-139733, July 25, 1968, and B-139733, November 23, 1970. In the latter decision we stated:

"* * * the record supports the conclusion that it would have been unreasonable to the point of near practical impossibility in the circumstances for the travelers to attempt to conclude the necessary arrangements otherwise. Therefore, notwithstanding the conclusion reached in the decision at 38 Comp. Gen. 879, the charges in question may generally be viewed as necessary and, hence, reimbursable."

While we believe there is authority for reimbursement of Mr. Hammond for the excess costs required to procure hotel accommodations through American Express in Moscow, the receipts attached to support his claim for this expense do not appear to be in agreement with the amount stated on the voucher.

We have made our independent computation of the costs to Mr. Hammond occasioned by the necessity of purchasing his hotel accommodations in Vienna as shown on the receipts dated January 29, 1974, February 26, 1974, and March 29, 1974. Our result of this computation amounts to a total of \$263.65 rather than \$315.16 as claimed. Even if the invoice for service and cable charges dated December 19, 1973 is added, our computation does not amount to \$315.16. Also, we have been unable to obtain receipts for any expenses subsequent to March 29, 1974, or an explanation as to why no documentation of expenses incurred after that date has been supplied although the voucher refers to items disallowed through May 24, 1974. Therefore, we cannot advise that the voucher may be certified for payment in its present form.

Also, as noted above, each of the receipts issued in Moscow and the invoice issued in Washington have a notation "wife included." Since we find nothing in the record to authorize payment of Mrs. Hammond's expenses and nothing in the law or regulations which would justify this in the absence of circumstances not apparent here, the voucher, when properly computed, should show the allocation of the expenses in question to the official traveler alone. B-139733, November 30, 1970, supra.

The American Express invoice dated December 19, 1973, and issued in Washington, for Mr. Hammond's first month in Russia, includes a charge for "Service and cable charges" in the amount of \$34.50. As to the service and cable charges, the following conclusion in B-139733, November 23, 1970, may be for application:

"* * * We understand, however, that the * * * charge in question covers services rendered in behalf of both the traveler and his wife. That portion of the charge attributable to the travelers' wives is not reimbursable. We have not overlooked the fact that the cost of telegrams reserving hotel accommodations is normally considered as covered by the per diem allowance authorized. See section 6.1 of the Standardized Government Travel Regulations [section 1-71b, FTR]. However, the cablegrams here involved, while incidentally serving to assure hotel accommodations, were more in the nature of a forced expense for the benefit of the Government which the travelers could in no way avoid."

Since no other way was possible for Mr. Hammond to obtain his reservations in Moscow than that followed, the service and cable charge may be allowed.

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In summary, if administratively approved and otherwise proper, a voucher may be certified for the expense incurred by Mr. Hammond by reason of the necessity for paying American Express in Vienna for a hotel room in Moscow and the resultant currency conversion, subject to the proper computation of that expense as stated above.

R. F. KELLER

Acting Comptroller General
of the United States